

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-07 COME-00 AID-05 AGRE-00

CIAE-00 INR-07 NSAE-00 /036 W

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FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 0000

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE MBABANE 1326

DEPARTMENT PASS OPIC AND USDOC

E.O. 11652: N/A

TAGS: BTIO, WZ

SUBJECT: PROPOSED YOO-HOO BOTTLING PLANT IN SWAZILAND

REF: MBABANE 0908

1. YOO-HOO BEVERAGE COMPANY IS ENGAGED IN PRELIMINARY NEGOTIATIONS WITH NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION/SWAZILAND (NIDCS) FOR CONSTRUCTION OF MEDIUM-SIZED BOTTLING PLANT IN SWAZILAND FOR YOO-HOO PRODUCTS. SALES WOULD BE AIMED PRIMARILY AT RSA MARKET.

2. GOS IS STRONGLY INTERESTED FOR SEVERAL REASONS:

(A) UNDER A CIDA GRANT (REFTEL) SWAZILAND IS ATTEMPTING TO INCREASE ITS DAIRY PRODUCT PRODUCTION AND EXPORT DAIRY PRODUCTS INTO RSA WITHIN 5 YEARS. THE EXPORT OF ORDINARY DAIRY PRODUCTS INTO RSA WOULD RAISE STRONG OPPOSITION FROM SOUTH AFRICAN DAIRY INTERESTS. YOO-HOO, A MILK-BASED PRODUCT, WOULD BE ABLE TO ABSORB MUCH OF THE PROJECTED INCREASE.

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KB) THE PLANT AT FULL CAPACITY WOULD USE UP TO 160 TONS PER MONTH OF SUGAR, THUS PROVIDING AN INTERNAT MARKET FOR SOME OF THE PRODUCTION OF PROPOSED THIRD SUGAR MILL.

3. GOS WILL NOT COMMIT ITSELF UNTIL MARKET SURVEYS AND PROBLEMS OF DISTRIBUTION IN RSA ARE SETTLED.

HOWEVER, AT THIS TIME BOTH PARTIES WANT TO BE CERTAIN
THAT FINANCING IS AVAILABLE BEFORE PROCEEDING:

(A) ESTIMATES OF OVERALL COST FOR SETTING UP PLANT,
INCLUDING APPROXIMATELY DOLS 500,000 WORKING CAPITAL
RUN TO ROUGHLY DOLS 5.5 MILLION. YOO-HOO IS WILLING TO
INVEST 40 PER CENT.

(B) MACHINERY FOR PLANT WILL BE PURCHASED IN THE UK FROM
VICKERS-DAWSON, COST WOULD BE APPROXIMATELY DOLS 1.5
MILLION AT 8 1/2 PER CENT INTEREST OVER 5 YEARS.

(C) GOS WOULD PROVIDE SITE AND BUILDING FOR FACTORY BUT
IS UNCERTAIN IF THEY WOULD BE ABLE TO PROVIDE ENTIRE
BALANCE OF CAPITAL NEEDED. YOO-HOO WOULD BE WILLING TO
MAKE LOAN FOR ANY SHORTFALL BUT HAS REQUESTED GOS LOAN
GUARANTEE. GOS HAS STATED THEY WOULD NOT BE ABLE TO
GUARANTEE LOAN AS THEY ARE LIMITED BY LAW TO TOTAL AMOUNT
OF LOANS THEY CAN GUARANTEE AND THEY HAVE ALREADY REACHED
LIMIT.

4. REQUEST OPIC CONTACT YOO-HOO (HEADQUARTERS IN CARLSTADT,
NEW JERSEY) FOR ANY FURTHER INFO ON PROJECT AND INFORM
THEM OF CONDITIONS UNDER WHICH OPIC WOULD PROVIDE
INVESTMENT AND/OR LOAN GUARANTEE.

DECON ON RECEIPT.
WACHOB

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Subject: PROPOSED YOO-HOO BOTTLING PLANT IN SWAZILAND
TAGS: BTIO, WZ
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